

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT  
PRICE ADJUSTMENT

Docket No. R2017-1

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO QUESTION 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 5**  
(October 28, 2016)

The Postal Service hereby files its responses to Question 1 of Chairman's Information Request (CHIR) No. 5, issued on October 27, 2016. The question is stated verbatim and is followed by the Postal Service's response. The responses to Questions 2-9 are still being prepared.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 28, 2016

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO QUESTION 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 5

1. Please refer to Chairman's Information Request No. 4, October 21, 2016, question 1.
  - a. Please confirm that when the ACR2015 Model avoided costs are compared to the proposed prices in this docket, the passthrough for Non-machinable Automation 3-Digit/SCF Flats is set at 231.6 percent and the passthrough for Non-machinable Automation 5-Digit Flats is set at 168.3 percent. If confirmed, please provide a justification for these passthroughs. See 39 U.S.C. § 3622(e)(2).
  - b. If not confirmed, please explain.

**RESPONSE:**

- a-b. Confirmed. Using the avoided costs from the FY2015 Annual Compliance Report, the passthrough for Non-machinable Automation 3-Digit/SCF Flats is set at 231.6 percent and the passthrough for Non-machinable Automation 5-Digit Flats is set at 168.3 percent. The Postal Service justifies these passthroughs under section 3622(e)(2)(C), which permits discounts provided in connection with mail matter of educational, cultural, scientific, or informational value to exceed 100 percent of avoided costs.